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Mrs E Shayler
Locum Clerk to Bleadon Parish Council
Coronation Hall,
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5 March 2023

Dear Liz

BLEADON PARISH COUNCIL

Internal audit report - Year ended 31 March 2023

The Accounts and Audit (England) Regulations 2015 (as amended) require all Town and Parish Councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

I am bound by the ethical guidelines of the Institute of Chartered Accountants of England and Wales. I confirm that I am independent of the Council.

The internal audit work I have carried out has been planned to enable me to give my opinion on the control objectives set out in the Annual Internal Auditor's Report on the 2022-23 Annual Governance and Accounts Return.

I have complied with the legal requirements and proper practices set out in:

- 'Governance and Accountability for Local Councils – A Practitioners' Guide (England)' 2022
- The Accounts and Audit (England) Regulations 2015 (as amended).

I was appointed as internal auditor to the Parish Council on 9 May 2022.

My first internal audit review for 2022-23 was undertaken remotely in February-March 2023.

Background

Bleadon Parish Council has income and expenditure of between £50,000 and £100,000 and is subject to review by the external auditor, PKF Littlejohn. The 2021 and 2022 external audits have not yet been completed.

The Council is the sole managing trustee of Bleadon Children's Playground.

The Council's accounting records are maintained on RBS Alpha.

The Clerk resigned at the end of January 2023. Liz Shayler has been appointed as locum clerk.

Internal audit checks

I have undertaken a series of audit tests on the Council's financial records, vouchers, documents, minutes, policies, procedures and insurance documentation to ascertain the efficiency and effectiveness of the Parish Council's internal control framework. This internal audit report is based on the audit testing carried out during the review.

During this visit I checked the following:

- Minutes of Council Meetings
- Policies and procedures
- Bank and cash
- Precept income
- Expenditure
- VAT claims
- Payroll
- Insurance
- Budgets and reserves
- Sole managing trustee
- Transparency
- Public Rights
- Action taken on the recommendations in prior report

Findings

Details of good practice noted, my recommendations and other matters to be brought to the Council's attention are set out below.

Good practice noted at this review

- The Clerk was CiLCA qualified
- The Locum Clerk is CiLCA qualified
- The Council maintains its books and records on RBS software
- The Council's Standing Orders and Financial Regulations are reviewed regularly and are tailored appropriately for the Council
- The Council has appropriate policies in place
- The Clerk is aware of the requirements of GDPR and the Council is registered with the ICO
- Details of payments authorised at meetings are recorded in the minutes
- The payroll is operated by an independent external payroll provider

Good practice continued

- All employees have contracts of employment
- The budgeting process is detailed and thorough and monitored throughout the year
- VAT claims are made regularly
- Adequate insurance is in place

Recommendations

Minutes of meetings

- The total amount of expenditure approved at the meeting is recorded in the minutes.
- The minutes of Full Council meeting on 13 June 2022 indicate that my internal audit report dated June 2022 and its contents were noted by the Council. It has been brought to my attention that Councillors may not have been given the opportunity to properly consider the contents and recommendations set out in that report. Council should ensure that it has sight of all internal and external audit reports and ensure that proper action is taken on any recommendations made. Council must ensure that the minutes accurately reflect the information considered by the Council.
- The hard copy of the minutes of the Full Council meeting on 13 June 2022 in the minute book have not been signed as being approved, and each page has not been initialled. These minutes are incorrectly headed as being the minutes of a meeting on 13 July 2022, when the meeting was on 13 June 2023.

Policies and procedures

- Standing Orders and Financial Regulations and other policies were in the process of being reviewed from May 2022 onwards. A review of the minutes indicates that this process was not completed and the policies have not been re-adopted by the Council in 2022-23. Standing Orders and Financial Regulations should be formally reviewed and updated as necessary at least every three years.

Bank and cash

- Throughout the period from 1 April 2022 to 31 January 2023 BACS payments and direct debits continue to regularly appear on bank reconciliations as reconciling items. This is because these transactions are not being correctly dated in the cash book. This has been noted in my reports for the last two years.
- Cheques should be recorded in the cash book as the date they are written. Direct debits and Standing Orders should be recorded in the cash book as the date they clear the bank. BACS payments should be recorded in the cash book on the BACS authorised transfer date as recorded on the BACS authorisation form, even if the actual payments should leave the bank on a different day. Only on very rare occasions would this be different to the date that the BACS payment leaves the bank. The only reconciling items on the bank reconciliation should be unrepresented cheques and amounts paid into the bank that have not appeared on the bank statement yet. BACS payments and Direct Debits should never appear as reconciling items.
- All cheque book stubs should be initialled by persons who sign the cheques, at the same time as the cheques are signed as evidence that the signatories have checked that the cheque stub accurately records the details of the cheque.

Income and expenditure

- The Council must ensure that it has sight of all supporting documentation, and that documentation is checked before payments are approved and released from the bank. I understand from the former Clerk that Councillors have sight of supporting documentation for all payments before authorising them for payment, including salaries. Evidence of approval of invoices should be obtained, either by email, the initialling of the invoices or some other method if more practical. I understand that this is obtained but I did not specifically request this evidence and I have not been provided with any examples for this internal audit review.
- My test of a sample of payments back to supporting documentation and vouchers indicated that a credit with PATA payroll services in September 2022 (Voucher 98) was paid by the Council. A review of subsequent invoices from PATA (Voucher 124) indicate that the credit and overpayment may not have been carried forward correctly. The Council should investigate this with PATA and ensure it is not being overcharged.

Payroll

- The clerk's pay rate should be reviewed to ensure that incremental increases have been properly applied.

Risk assessment and insurance

- The Council should review, update and adopt the risk assessment before 31 March 2023.
- The Council should formally consider the level of insurance required annually when it is renewed, to ensure it remains adequate. This applies even when there is a three year deal in place.

Asset register

- It has been brought to my attention that assets that do not belong to the Council, but to which the Council is custodian trustee, may be included on the asset register. The Council should investigate this and amend the asset register if necessary. If it becomes apparent that the 2022 asset figure on the AGAR was incorrect, that should be restated to the correct figure on the 2023 AGAR.

Sole managing trustee

- The Council should locate the trust deed to ensure it is meeting its responsibilities as trustee.
- The Council must ensure it meets as the trustee of the Bleadon Children's Playground Charity as required.

Action taken on the recommendations in previous reports

- The former clerk has confirmed that action has been taken on prior recommendations, however transactions continue to be recorded as occurring on the wrong date in cash book, and this is not being rectified when the issue is highlighted in the bank reconciliations.
- One of the matters noted in my June 2022 report was that the bank reconciliation at 31 March 2022 had been carried out incorrectly using the balance on the bank statement at 1 April 2022, not 31 March 2023. The cash book balance on the reconciliation that was included in Box 8 on the 2021-22 AGAR was correct. I stated that the bank reconciliation should be corrected. This was not done and the reconciliation submitted to the external auditor remained uncorrected.

Other matters to be brought to the Council's attention

- There are no other matters to bring to the Council's attention.

Conclusion

Based on the tests I have carried out at this internal audit review, I am unable to provide as conclusion as to whether or not the internal control procedures in operation are adequate in all significant respects, to meet the needs of Bleadon Parish Council.

I will provide a conclusion when I have been able to undertake further testing, and when the Council has taken action on the recommendations in this report.

Next visit

The next internal audit review has been arranged for 6 June 2023. If possible I would like to visit and complete my review with the locum clerk or clerk in attendance.

At this visit detailed checks will be carried out on:

- Minutes of Council Meetings
- Bank and cash
- Income other than the precept
- Expenditure
- Risk assessment
- Asset register
- Action taken on the recommendations in prior report
- Year end checks

Next Steps

This report should be noted and taken to the next meeting of the Parish Council. The Council should decide what action will be taken on the recommendations I have made.

Kind regards

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Bridget Bowen', written in a cursive style.

Bridget Bowen FCA

Internal auditor